

## Coastal provinces relying more on investment

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Twenty one provincial and regional governments in China had released their economic data for the first three quarters as of Wednesday, with the data showing that coastal provinces have begun to rely more on investment to boost GDP growth amid sluggish external demand.

East China's Jiangsu Province saw its GDP grow by 9.6 percent year-on-year and exports increase by just 0.8 percent in the first three quarters. Fixed-assets investment, meanwhile, surged by 20 percent year-on-year in the first three quarters, much higher than the growth of 13.1 percent in the province's consumption sector.

South China's Guangdong Province, which reported GDP growth of 8.5 percent in the January-September period, saw its total fixed-assets investment surge by 18.2 percent year-on-year during the period, compared with 12.1 percent growth in local consumption.

**"Exports can no longer serve as a major force to boost economic growth for these provinces," Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges, told the Global Times Wednesday. But Xu noted that investment will still play a major role in China's development.**

**Though Guangdong reported export growth of 12.3 percent during the period, the figure would be much smaller if fake trading in the province was deducted, Xu noted.**

Some companies in the province were found to be conducting fake trading in order to get tax refunds from the government, with such activities believed to have greatly inflated the trading data for the first four months of this year. Trade growth nose-dived after the customs authorities promised to investigate the practice.

Experts noted that for inland provinces that do not have advantages in terms of exports, investment will play an even bigger role in economic growth. Southwest

China's Sichuan Province on Tuesday rolled out a massive investment plan worth 4.26 trillion yuan (\$700.34 billion) for 2013 and 2014.

Apart from Beijing, which ranked lowest with GDP growth of 7.7 percent in the first nine months, the other provinces and regions reported growth that was higher than the national rate. Tianjin topped the list with 12.6 percent GDP growth in the first three quarters.

"The development model [in coastal provinces], which relies very much on exports for growth, has to be changed. Export-oriented companies should consider making more value-added products or shifting their focus to domestic consumption," Zhuang Jian, an economist at the Asian Development Bank, told the Global Times Wednesday.

The Chinese government has been making efforts to restructure the economy so that it is more consumption-driven.

But the transformation has not taken place yet, and investment still plays a big role in economic growth at present, Zhuang noted.

However, experts noted that the investment structure is developing. Previous investment mainly focused on manufacturing and the real estate sector, but now it is turning toward sectors that can improve people's lives such as new energy and environmental protection, which experts believe will benefit the overall economic restructuring.